

City of San José

Coyote Valley Specific Plan

Summary of Task Force Meeting

August 15, 2005

200 E. Santa Clara Street, Rooms W118-120

Task Force Members Present

Co-chair Mayor Ron Gonzales, Co-chair Councilmember Forrest Williams, Supervisor Don Gage, Dan Hancock, Ken Saso, Phaedra Ellis-Lamkins, Chuck Butters, Craige Edgerton, Doreen Morgan, Eric Carruthers, Gladwyn D'Sousa, Helen Chapman, Russ Danielson, Steve Speno, Neil Struthers and Terry Watt.

Task Force Members Absent

Jim Cunneen, Christopher Platten, and Steve Schott Jr.

Technical Advisory Committee (TAC) Members Present

David Bischoff (City of Morgan Hill, Dawn Cameron (County Roads), Mike Griffis (County Roads), Melissa Hippard (Sierra Club), Jim Lightbody (VTA), Libby Lucas (California Native Plant Society), Jane Mark (County Parks), Pat Sausedo (NAIOP), Brian Schmidt (Committee for Green Foothills), Tim Steele (Sobrato), and Kerry Williams (Coyote Housing Group).

City and Other Public Agencies Staff Present

Councilmember Linda J. LeZotte (Council District 1), Joe Guerra (Mayor's Office), Jennifer Malutta (Mayor's Office), Emily Moody (Mayor's Office), Anthony Drummond (Council District 2), Keith Stamps (Council District 2), Laurel Prevetti (PBCE), Sal Yakubu (PBCE), Darryl Boyd (PBCE), Susan Walsh (PBCE), Mike Mena (PBCE), Sylvia Do (PBCE), Regina Mancera (PBCE), Gerry De Guzman (Public Works), Rebecca Flores (Housing), and Dave Mitchell (PRNS).

Consultants Present

Doug Dahlin (Dahlin Group), Roger Shanks (Dahlin Group), Ken Kay (KenKay Associates), Paul Barber (KenKay Associates), Jim Musbach (EPS), Darin Smith (EPS), Jim Thompson (HMH Engineers), Judy Fenerty (DJP&A), and Eileen Goodwin (Apex Strategies).

Community Members Present

Tom Armstrong, Diego Abeloos, Shiloh Ballard, Craig Champion, Roger Costa, Richard DeSmet, Doug Grahdt, Jeffery Have, Janet Hebert, Paul Hebert, Dave Higgins, Virginia Holtz, Matt King, Jack Kuzia, Lester Lee, Rick Linquist, Fred Lester, Peter Mandel, Dennis Martin, Susan Mineta, Tripat Mangat, George Reilly, Alice Ringer, Peter Rothschild, Art Sanchez, Annie Saso, Salvatore Saso, Pete Silva, Sharon Simonson, George Thomas, Shellé Thomas, Don Weden, Kim Weden, Debbie Yang, and Denise Youmans.

1. Welcome

The meeting convened at 5:35 p.m. with Co-chair Councilmember Forrest Williams welcoming everyone to the 34th Coyote Valley Specific Plan (CVSP) Task Force meeting.

2. Acceptance of June 20, 2005 Task Force Meeting Summary

Councilmember Williams called for a motion to accept the June 20, 2005 Task Force meeting summary. The motion passed unanimously.

3. Discussion of Consultant Analysis of Jobs and Housing Scenarios Related to Draft Phasing Objectives

Laurel Prevetti, Deputy Director of Planning, Building and Code Enforcement (PBCE), explained that the Co-chair's April 28, 2005 memorandum regarding CVSP timing and logistical requirements proposes strict concurrency phasing with a 2:1 jobs/housing ratio throughout build-out. Per the Task Force's request, the CVSP staff and consultants provided alternative phasing approaches. Laurel introduced Darin Smith with Economic and Planning Systems (EPS), an economic consultant for the CVSP. Darin presented a PowerPoint presentation on promoting economic development in Coyote Valley. Jobs in Coyote Valley could improve the City's fiscal base and regional traffic flow. Darin reviewed four jobs and housing scenarios:

- a. Strict concurrency: 2:1 jobs/housing ratio throughout build-out.
 - Financial feasibility: Potentially achievable. Feasible only if concurrency periods are long enough to provide certainty to underwrite financing of whole infrastructure phases.
 - Fiscal neutrality: Achievable.
 - Citywide jobs/housing balance: Job attraction is aided by concurrent creation of amenities, housing stock, schools, etc.
 - Other policy goals: Greenbelt funding and affordable housing units constrained.
- b. Phased concurrency: 10,000:5,000 jobs/housing ratio. Allow 5,000 homes, then no more until there are 10,000 homes jobs.
 - Financial feasibility: Potentially achievable. Feasible only if concurrency periods are long enough to provide certainty to underwrite financing of whole infrastructure phases.
 - Fiscal neutrality: Achievable.
 - Citywide jobs/housing balance: Job attraction is aided by concurrent creation of amenities, housing stock, schools, etc.
 - Other policy goals: Greenbelt funding and affordable housing units constrained.
- c. Triggers: 5,000 new jobs first prior to any housing development, then market-driven development.
 - Financial feasibility: Achievable, but must delay most infrastructure investment because commercial development cannot support the same costs as housing. Major funding would be delayed until development pacing is market driven.
 - Fiscal neutrality: Achievable.
 - Citywide jobs/housing balance: Aided by requiring jobs first, but timing of jobs uncertain due to location's limited early appeal.
 - Other policy goals: Delayed Greenbelt funding and affordable housing units.
- d. Placemaking infrastructure: Sufficient market-driven development to fund infrastructure and amenities that attract employers.
 - Financial feasibility: Achievable. Value generated early can underwrite major placemaking infrastructure (i.e., transit, high school, Fisher Creek, etc.).
 - Fiscal neutrality: Achievable.
 - Citywide jobs/housing balance: Job attraction aided by early creation of infrastructure, amenities, housing and identity. Higher probability of citywide jobs/housing balance, but no guarantee of early jobs.
 - Other policy goals: Faster Greenbelt funding and affordable housing units.

Overall findings conclude that early or short concurrency periods may make financing impossible; development phasing can be adjusted to achieve feasibility; allowing housing early can help set community character; and all scenarios appeared to be fiscally self-sustaining. The Phased Concurrency and Placemaking scenarios appeared to be the best approaches based on five criteria

– financial feasibility, fiscal neutrality, citywide jobs/housing balance, affordable housing timing and Greenbelt funding timing.

4. Continue Discussion of Draft Phasing Objectives and Logistical Requirements

The Task Force provided the following questions and comments:

- What happens if 10,000 jobs come, but then go elsewhere? *This is an extreme example, but it is a possible scenario.*
- If housing comes first, what guarantee is there that those living in Coyote Valley will work here? If jobs come first, what guarantee is there that those working in Coyote Valley will live here? Concerned that the objective of a live/work community would not be achieved without concurrent jobs and housing phasing. *Neither all jobs nor all housing would lead to a walkable community without the infrastructure being in place.*
- Development based on concurrency has a problem with not having a major tenant to draw people to other uses. Concerned with speculative development. *Speculative development may not be an attractive option under current market conditions. However, speculative development is more attractive during other cycles of the economy. We expect to go through many economic cycles throughout the 30-year build-out.*
- Is there an example in San Jose where housing came in and jobs followed? Concerned about building houses and hoping jobs will come. *Based on market analysis and research, employers are attracted to mixed-use areas with housing in close proximity.*
- Phased concurrency would make Coyote Valley desirable and livable. Need flexibility in each phase to allow the market to respond.
- Important to focus on the citywide jobs/housing balance, but also need to look at the regional jobs/housing balance.
- Need a scenario that will establish a market for high-density housing.
- Concerned with the lack of affordable housing. Need a balance of affordable and high-density housing.
- Will the City finance affordable housing? *Affordable housing may not receive City or Redevelopment Agency subsidy. All project costs would be internalized.*
- Will first phase infrastructure pay for sufficient improvements? *Please refer to the Task Force meeting handout titled "Table A: Summary of Absorption and Financial Performance by Scenario." Placemaking infrastructure creates the most infrastructure within the first nine years.*
- What is the difference between phased concurrency and the trigger? *Phased concurrency allows not more than 5,000 housing until there are 10,000 jobs. The existing General Plan trigger does not allow any housing until there are 5,000 jobs.*
- Need pedestrian and bicycle-friendly infrastructure for children to get to school.
- Historically, housing has been a cost to the City, whereas industrial and commercial uses have been a revenue source. Is housing now a revenue source? *Housing values have increased,*

- whereas the cost of providing services has not gone up at the same place. It would be a net fiscal benefit to the City to have housing upfront due to the revenues generated from housing.*
- If housing demand decreases, costs will incur upon the City.
 - What is the net fiscal balance to the City? *This is preliminary estimate of revenues that would be generated through taxes and fees versus the costs of providing services.*
 - Does housing underwrite the cost of infrastructure in the phased concurrency scenario?
Yes.
 - Need to market Coyote Valley in order to attract job providers.
 - Need more information regarding costs and fees.
 - \$450,000 used to be the cut-off for homes paying for services.
 - Why was the concept for the triggers established? *The city wanted to make sure that before housing went in, there were enough jobs to pay for services and infrastructure. This would ensure that Coyote Valley development would not affect the level of service in other areas of the City.*
 - Triggers were placed due to Coyote Valley's no-growth policy.
 - Is financial analysis based on one-time fees or long-term? *Anticipated revenues are based on the long-term. One-time fees are not a primary source of revenue.*
 - Housing developers could be a part of the marketing team to help attract jobs to Coyote Valley.
 - Cannot implement the Plan with the triggers. The triggers were placed when 50,000 jobs were planned for the North Coyote Valley Campus Industrial Area and 25,000 housing in the Mid-Coyote Valley Urban Reserve. The Plan currently integrates jobs and housing in North and Mid-Coyote Valley.
 - This plan cannot be developed timidly.
 - Would like the placemaking infrastructure scenario to have an economic development component.
 - Some type of concurrency is necessary to ensure a walkable community.
 - Placemaking infrastructure is a very good strategy because it provides the opportunity for Greenbelt funding, high-density housing and affordable housing. Committed to funding the Greenbelt.
 - Housing will be capable of putting in infrastructure; commercial development will help carry it. *Preliminary findings suggest that housing is more of a fiscal benefit than commercial because value of housing is so high compared to the low cost of commercial space. .*
 - Need larger chunks of development to put in infrastructure and to attract jobs.
 - Infrastructure needs to be built – jobs, housing, schools, etc. Need all of these elements to create a “place” and attract job providers.
 - Better to have infrastructure in place early because it will cost more later.
 - Staff and the development community need to meet regarding the economics of residential and commercial development.
 - Where do we go with this? *The Task Force could recommend a phasing scenario to the Council. Council would ultimately decide the specifics of the phasing scenario.*

- Concerned regarding sustainability. Will the CVSP include a comprehensive plan for parkland? *Parkland would be dedicated to a parks district. Smaller parks may be maintained through homeowners association.*
- Infrastructure increments should be prioritized based on our objectives, such as creating a live/work community.
- Need to see “what if” scenarios. Need a back up plan.
- Employers prefer to start in a new building since renovating and retrofitting is costly.
- Would like a phasing scenario in between phased concurrency and placemaking infrastructure.
- Jobs are important because they create a live/work community.
- 20-25 years ago, the County Planning Department surveyed employers regarding South County industrial development. Employers indicated that they prefer to locate where there are other existing industries.

Mayor Gonzales asked for comments from the public and the following were provided:

- Brian Schmidt, with Committee for Green Foothills, said that Coyote Valley is about jobs, not housing. He asked the Task Force and staff to keep the 5,000-job trigger and to overlay a 2:1 trigger afterward. Infill development should be a priority. The placemaking infrastructure scenario will be a risk to job creation. Brian asked what each phasing scenario would look like beyond year nine.
- Melissa Hippard, with the Sierra Club, indicated that the Plan can wait for right economic situation that fits the vision of walkable, self-sustaining, smart growth community.
- Alex Mednick, with Solar Technologies, asked if energy issues have been addressed. The City should analyze why companies such as Apple chose not to develop in Coyote Valley, and what it would take to attract them back.
- Mayor Dennis Kennedy, with the City of Morgan Hill, thanked staff for meeting with The City of Morgan Hill to address their concerns. He indicated that phased concurrency and placemaking infrastructure would have the least negative impact on the surrounding region.
- Vic LoBue indicated that he was anxious to see the Plan move forward. Monterey Road is an existing asset that needs to be utilized and integrated into the Plan. There is too much bureaucracy in San Jose. The city should create incentives to attract businesses.

5. Discussion of Proposed Land Use Plan Refinements

Doug Dahlin, with the Dahlin Group, provided an update of Plan refinements. He identified the location of nine K-6 grade elementary schools, two 7-8 grade middle schools and one 9-12 grade collegiate-style high school campus. The collegiate high school concept proposes two or three high schools sharing one 60-acre campus. Workplaces have been intensified along Santa Teresa Boulevard to account for the displaced jobs resulting from the proposed Gavilan College campus.

The fixed transit guideway has been improved to increase accessibility to work nodes along Monterey Road and Santa Teresa Boulevard. Road connections include the Parkway throughout the community and the traditional grid system within each neighborhood. Numerous over-/under-crossings allow the Parkway and Monterey Highway to remain permeable. The grid system will be of low-volume capacity and consist of small blocks to encourage walkability. The grid system is also designed to focus land uses on amenities such as transit, parks and the lake. Additionally, neighborhoods will also be connected by a comprehensive system of transit and pedestrian, bicycle and equestrian trails.

The Task Force provided the following questions and comments:

- Would like more information on schools and assumptions on population of schools. How, why, what thinking is. What will happen in Coyote Valley vs. existing MHUSD population. *Still work in progress, but can have assumptions on August 29.*
- Is Gavilan College an urban model? Can we talk about what could be an appropriate urban model from our perspective? *Yes.*

6. Public Comments

- Richard DeSmet, a South Coyote Valley Greenbelt property owner, prefers establishing a Greenbelt by putting buyers and sellers together, not having housing developers fund the Greenbelt. Greenbelt property owners indicated that they do not want to be in a Greenbelt. The Greenbelt does not benefit from being a part of the Plan.
- Chris Allen, a South Coyote Valley Greenbelt property owner, indicated that Greenbelt property owners agree with the Mayor that 1:1 agricultural mitigation should be determined by the open market. He prefers having an impartial outside entity determining the cost of their land, not a quasi-public agency. Chris said that Greenbelt property owners prefer to take their chances in the open market. He indicated that South Coyote property owners would never allow their land to be purchased in perpetuity for creating a Greenbelt.

7. Adjourn

Mayor Gonzales adjourned the meeting at approximately 7:50 p.m. The next Task Force meeting will take place on August 29, 2005 from at the new City Hall in rooms W118-120. Parking validation will be provided for meeting attendees who park below City Hall.